



Entered on Docket
October 26, 2006

Hon. Linda B. Riegle
United States Bankruptcy Judge

Bob L. Olson, Esq. (Nevada Bar No. 3783)
Anne M. Loraditch (Nevada Bar No. 8164)
BECKLEY SINGLETON, CHTD.
530 Las Vegas Boulevard South
Las Vegas, NV 89101
Telephone: (702) 385-3373
Facsimile: (702) 385-5024
Email: bolson@beckleylaw.com; aloraditch@beckleylaw.com

*Attorneys for the Official Committee of Equity
Security Holders of USA Capital Diversified
Trust Deed Fund, LLC*

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA

In re:
USA COMMERCIAL MORTGAGE COMPANY,
Debtor.

In re:
USA CAPITAL REALTY ADVISORS, LLC,
Debtor.

In re:
USA CAPITAL DIVERSIFIED TRUST DEED
FUND, LLC,
Debtor.

In re:
USA CAPITAL FIRST TRUST DEED FUND, LLC,
Debtor.

In re:
USA SECURITIES, LLC,
Debtor.

Affects:
☒ All Debtors
☐ USA Commercial Mortgage Company
☐ USA Securities, LLC
☐ USA Capital Realty Advisors, LLC
☐ USA Capital Diversified Trust Deed Fund, LLC
☐ USA First Trust Deed Fund, LLC

Case No. BK-S-06-10725 LBR
Case No. BK-S-06-10726 LBR
Case No. BK-S-06-10727 LBR
Case No. BK-S-06-10728 LBR
Case No. BK-S-06-10729 LBR

Chapter 11

Jointly Administered Under
Case No. BK-S-06-10725-LBR

Date: October 19, 2006
Time: 9:30 a.m.
Place: Courtroom #1
(Affects indicated Debtors)

ORDER DISALLOWING THE PROOF OF CLAIM FILED BY PROSPECT HIGH INCOME FUND, ET AL., AGAINST ALL DEBTORS

This Court, having read and considered Diversified Trust Deed Fund Committee's Objection to Proof of Claim filed by Prospect High Income Fund et al. ("Objection"), having read and considered the Highland Fund's Opposition to Diversified Trust Deed Fund Committee's Objection to Proof of Claim ("Opposition"), having read and considered the Reply to Highland Funds' Opposition to Diversified Trust Deed Fund Committee's Objection to Proof of Claim ("Reply"), having heard and considered the oral argument of counsel with Bob L. Olson, Esq. of the law firm of Beckley Singleton, Chtd., appearing on the behalf of the Official Committee of Equity Security Holders of USA Capital Diversified Trust Deed Fund, with Lenard Schwartz, Esq. of the law firm of Schwartz & McPherson appearing on behalf of the Debtors, and with CiCi Cunningham, Esq. of the law firm of Rawlings, Olson, Cannon, Gromley & Desruisseaux and Paul B. Lackey, Esq. and Michael P. Aigen, Esq., of the law firm of Lackey Hershman, LLP, appearing on the behalf of the Highland Funds, having made its findings of fact and conclusions of law on the record pursuant to F.R.B.P. 7052 and F.R.C.P. 52, and with good cause appearing therefor:

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that the Objection is sustained in its entirety and that all the Proofs of Claim that Prospect High Income Fund, ML CBO IV (Cayman), Ltd., PAMCO Cayman, Ltd., PAM Capital Funding, L.P. Highland Crusader Fund, Ltd., and PCMG Trading Partners XXIII, L.P. (collectively the "Highland Funds") filed in all of the Debtors' cases are disallowed in their entirety and with prejudice. Those claims include, but are not limited to, Claim No. 26 in the amount of \$20,000,000 filed in the USA Commercial Mortgage Company case, Claim No. 17 in the amount of \$20,000,000 filed in the USA Capital Realty

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1 Advisors case, Claim No. 20 in the amount of \$20,000,000 filed in the USA Capital Diversified
2 Trust Deed Fund case, Claim No. 16 in the amount of \$20,000,000 filed in the USA Capital First
3 Trust Deed Fund case, and Claim No. 14 in the amount of \$20,000,000 filed in the USA Securities
4 case.

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6 BECKLEY SINGLETON, CHTD.

7
8 By: 

9 BOB L. OLSON, ESQ.
10 ANNE M. LORADITCH, ESQ.
11 530 Las Vegas Boulevard South
12 Las Vegas, NV 89101

13 *Special Nevada Counsel for the Official*
14 *Committee of Equity Security Holders of*
15 *USA Capital Diversified Trust Deed*
16 *Fund, LLC*

17 **APPROVED/DISAPPROVED**

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19
20 CiCi CUNNINGHAM, ESQ.
21 9950 West Cheyenne Avenue
22 Las Vegas, NV 89129

LENARD SCHWARTZER, ESQ.
2850 South Jones Blvd. #1
Las Vegas, NV 89146

23 *Attorneys for Prospect High Income*
24 *Fund, ML CBO IV (Cayman), Ltd.,*
25 *PAMCO Cayman, Ltd.,*
26 *PAM Capital Funding, L.P.*
27 *Highland Crusader Fund, Ltd.,*
28 *and PCMG Trading Partners XXIII, L.P.*

Attorneys for Debtors

RULE 9021 DECLARATION

In accordance with Local Rule 9021, the undersigned certifies:

- ☐ The Court waived the requirements of LR 9021.
- ☒ I have delivered a copy of this proposed order to all attorneys and unrepresented parties who appeared at the hearing regarding this matter and/or who filed a written objection and each has:
- ☒ approved the form of this order; and/or
 - ☐ waived the right to review the order; and/or
 - ☐ failed to file and serve papers in accordance with LR 9021(c); and
- the following have disapproved the form of the order:
- n/a
- ☐ No opposition was filed to the motion and no other party or counsel appeared at the hearing.

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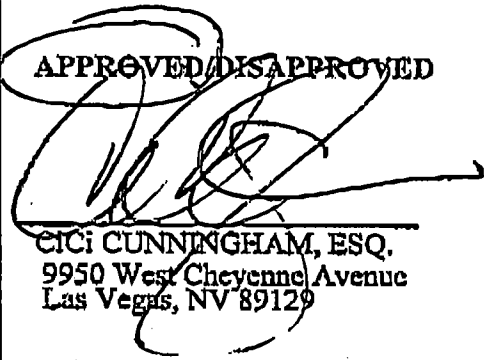
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